

Appln No. 09/688,456

Amdt date August 12, 2004

Reply to Office action of March 12, 2004

**REMARKS/ARGUMENTS**

Claims 1-70 are presently pending. Applicants respectfully request reconsideration and allowance of the application based on the following response.

The Examiner has rejected claims 1-70 under 35 U.S.C. §103(b) as being unpatentable over Whitehouse, U.S. Patent 6,005,945 ("Whitehouse") over Leon, U.S. Patent 6,424,954 ("Leon"). The Examiner, however, made the same rejection earlier in the prosecution of this application, and then withdrew the rejection, only to reinstate a rejection based on the same references now. In particular, the Examiner rejected the claims based on the Whitehouse and Leon references in an Office Action dated March 26, 2003, then withdrew the rejection in the Office Action dated September 29, 2003, and rejected the claims based on Ulvr, U.S. Patent 6,415,983. Now, in response to the Applicants' declaration swearing behind the Ulvr reference, the Examiner in the presently pending Office Action dated March 12, 2004, has gone back and relied upon the same references, Leon and Whitehouse, that he relied upon in the March 26, 2003 Office Action.

Similar to the reasons for allowance presented in Applicants' August 26, 2004 Amendment and Response to the March 26, 2003 Office Action, and as set forth on page 2 of the Background of the Invention, certain systems that were available at the time of filing of the present invention, require a special purpose hardware device, known as a Postal Security Device (PSD) (also referred to as a Secure Metering Device (SMD) that is generally located at a user's site. The PSD, in

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conjunction with the user's personal computer and printer, functions as the IBIP postage meter. A significant drawback of such hardware-based systems is that a new PSD must be locally provided to each new user, which involves significant cost. Furthermore, if the additional PSD breaks down, service calls must be made to the user location.

In light of the drawbacks in hardware-based postage metering systems, one aspect of the present invention includes a software-based system has been developed that does not require specialized hardware for each user. The software-based system meets the IBIP specifications for a PSD, using a centralized server-based implementation of PSDs utilizing one or more cryptographic modules located remotely from the users (i.e. do not require a specialized hardware metering device located at the user's site).

Independent claim 1 includes, among other limitations, "A cryptographic device for securing data on a computer network comprising: a processor programmed to authenticate a plurality of remote users on the computer network for secure processing of a value bearing item; a memory for storing security device transaction data for ensuring authenticity of a user, wherein the security device transaction data is related to the one of the plurality of users; a cryptographic engine for cryptographically protecting data; an interface for communicating with the computer network, and a module for processing value for the value bearing item." Claim 41 also contains limitations similar to the underlined limitations.

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The claimed invention is not disclosed by Leon or Whitehouse. Leon is of the category of specialized hardware-based systems located at the user's site that are specifically distinguished in the Background section of the present application. Leon's system teaches a dedicated postage metering system (SMD) connected to the user's computer as an external hardware device or circuit card that is portable. The SMD couples to the personal computer via a communications link 122 that can be a serial link such as an RS-232 interface. By carefully partitioning the various features of the metering system, Leon teaches that the SMD can be manufactured in a relatively small size and low cost unit. See Leon, col. 2, lines 29-40, col. 3, line 61- col. 4, line 20, FIGs. 1A and 1B. In Leon's system, each SMD performs state functions. See Leon, cols. 9, 10. Accordingly, in Leon's system, depending on the number of users, there may be thousands of individual localized SMDs attached to each user's PC.

There is no motivation to combine the teachings of Leon and Whitehouse, the other reference relied upon by the Examiner, to obtain the claimed inventions. The Whitehouse reference specifically teaches away from a localized SMD attached to the user's computer, and instead focuses on a system for electronic distribution of postage including one or more secure central computer. According to Whitehouse, "[a] key aspect of the system is that all secure processing required for generating postal indicia is performed at secure central computers not at end user computers, thereby removing the need for specialized

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secure computational equipment at end user sites." See Whitehouse, Abstract, col. 6, lines 21-30, FIG 4.

As Leon and Whitehouse specifically teach against the use of the other's system, the requisite motivation to combine is missing. Further, there are no teachings in either Leon or Whitehouse that teach how to take the individual features of Leon, which presumably include the state functions, that have been carefully and particularly partitioned to provide a low cost portable device and include those features in one or more secure central computers. Hindsight reconstruction based on Applicants' teachings may not be used to sustain a rejection under Section 103(a). Accordingly, Applicants request that the rejection of claims 1-70 be withdrawn.

Applicants have also added a limitation to independent claims 1 and 41 that recite generally that the claimed cryptographic devices and methods include the performance of value management functions (e.g., processing of purchase of value from users) by the device itself. Such limitations are intended to distinguish from systems such as in Lewis, U.S. Patent 6,233,565 (disclosed in the Applicants' most recent Supplemental Information Disclosure Statement) in which a single master PSD is responsible for all cash management functions with the third party seller of goods and/or services. This feature, in combination with the other features of the claims relating to interaction with remote users is not disclosed in Leon. Among other distinguishing features, Leon is local to the user and is not intended to be used for interacting with remote users as set forth in the claims. As elements of the claimed invention are

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completely missing from either of the relied upon references, the references cannot properly be relied upon to sustain a rejection under Section 103.

In view of the foregoing, Applicant respectfully requests that the Examiner contact the undersigned to participate in a telephonic interview to discuss this matter. Applicants submit that all of the pending claims in the application are patentable over the relied upon references, and respectfully request reexamination, reconsideration and allowance of this application.

Respectfully submitted,  
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Reg. No. 41,057

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